



## North Carolina Department of Health and Human Services

Michael F. Easley, Governor

Carmen Hooker Odom, Secretary

### Division of Mental Health, Developmental

### Division of Medical Assistance

#### Disabilities and Substance Abuse Services

3001 Mail Service Center  
Raleigh, North Carolina 27699-3001  
Tel 919-733-7011 • Fax 919-733-1221  
Mike Moseley, Director

2501 Mail Service Center  
Raleigh, North Carolina 27699-2501  
Tel 919-857-4011 • Fax 919-733-6608  
Gary H. Fuquay, Director

#### MEMORANDUM

TO: Area Directors

FROM: Mike Moseley, Director, DMH/DD/SAS  
Gary Fuquay, Director, DMA

SUBJECT: Prospective Rates for Services, SFY 2004-2005

DATE: June 14, 2004

Please find attached and included in this memorandum the FY 2004-2005 Medicaid and non-Medicaid rates for mental health, developmental disabilities and substance abuse services and the CAP-Case Management Service rate. These rates will all be effective July 1, 2004.

In arriving at the FY 2004-2005 Medicaid rates, the cost data from the 2002 Cost Finding report was used for most services and a deduction was made for the 13% area program administrative costs included in the rates. For selected services, three years of inflation was added to the SFY 2002 cost in consideration of the foreseen issues regarding particular services. Rates which have been inflated are identified with an asterisk on the attached Schedule A. The inflation factors were 3.59% for 2003 and 4% for 2004 and 2005. The rates for Therapeutic Behavioral Services/Level II-Group Homes and the Level III Behavioral long term residential services have been maintained at the current direct bill rates. An adjustment was made to the rate for H0036 - Paraprofessional >2 clients in which the cost for this service was only \$.24 less than the individual rate. The adjustment allowed for a 1.7 to 1 ratio of client to staff to attain the revised rate of \$3.13.

For services covered by CPT codes, the rates were brought in line with the physician fee schedule, which is 95% of the Medicare rate (see attached Schedule B). This will add consistency amongst the various provider types utilizing these services. There was one exception to this alignment and this was with CPT code 90862. It was determined that we should maintain the current Mental Health service rate for that service of \$49.04 rather than reducing the rate to \$47.34.

The rate for the CAP-Case Management Service was based on the original methodology used in establishing this service rate. The original \$509 rate included \$170.55 in administrative costs. These administrative costs were removed to arrive at the new rate of \$338.45.

The DMH/DD/SAS will reimburse LMEs for services to non-Medicaid eligible consumers, up to the level of available funding, at the Medicaid rate for all services for which a Medicaid rate has been established. Rates for services which are not covered by Medicaid have primarily been established at a statewide rate based



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upon the SFY 2002 Cost Finding report, adjusted by deducting the 13% area program administrative cost amount. For selected services, three years of inflation was added to the SFY 2002 cost in consideration of the foreseen issues regarding particular services. Rates which have been inflated are identified with an asterisk on the attached Schedule C. For those services, the inflationary percentages used were the same as those outlined above for the Medicaid rates. The statewide rates for room and board outlined on Schedule C were based upon the cost found rate for foster care services. Finally, Schedule D lists those services for which DMH/DD/SAS currently pays area program specific, provider specific, or consumer specific rates. Those rates will be established at the current rate less the 13% area program administrative cost amount. As usual, if an Area Program wishes to request a consumer specific rate for a service for which a statewide rate has been set, an IPRS rate update form with clinical information attached should be submitted to DMH/DD/SAS.

In contracting with providers for Medicaid covered services delivered to Medicaid eligible consumers, the Medicaid rates outlined in the attached schedules must be used. DMH/DD/SAS will issue a separate communication within the next two weeks outlining the rate requirements and payment options for contracted services funded by DMH/DD/SAS.

If you should have any questions or concerns regarding these rates please contact Pat Jeter for the Medicaid rates at (919)857-4150 or Rick DeBell for the non-Medicaid rates at (919) 733-7013.

Cc: Secretary Carmen Hooker Odom  
Lanier Cansler  
James Bernstein  
County Managers  
Allyn Guffey  
DMH/DD/SAS Executive Leadership Team  
Barbara Brooks  
Mark Benton  
DMA Assistant Directors  
Pat Jeter  
Rick DeBell  
Carol Duncan Clayton  
Patrice Roesler  
Mike Mayer  
Bob Hedrick  
MH/DD/SAS Professional Organizations and Groups  
MH/DD/SAS Stakeholder Organizations and Groups

